



## GREEN ACRES

### LOCAL GOVERNMENT UNIT AND NONPROFIT GUIDE

#### Green Acres and the Hypothetical Land Value

Green Acres will base its participation on the *greater* of either (a) the purchase price, up to the Hypothetical Land Value or (b) the Certified Market Value (CMV). As always, under no circumstances will the Green Acres disbursement exceed the amount actually paid for the property.

*In other words...* If the **purchase price** paid for the parcel by local government unit or nonprofit exceeds the CMV, Green Acres' participation will be based on the purchase price, up to the hypothetical land value.

#### Donation/Matching Share:

If the CMV exceeds the purchase price, the difference between the CMV and the purchase price is considered a donation of land value. Therefore, the local government unit/nonprofit may use that difference as its matching share of the cost of acquisition.

However, consistent with tax rules, Green Acres does **not** consider the difference between the hypothetical land value and the purchase price to be a donation. Therefore, that difference cannot be used as the local government unit/nonprofit's matching share of the cost of acquisition.

#### Appraisal Background:

The proposed new rules describe the appraisal requirements established by an amendment to the Garden State Preservation Trust Act that apply statewide to appraisals conducted between August 10, 2004 and June 30, 2009. During this period, appraisals of lands to be acquired for recreation and conservation purposes must be prepared under two scenarios: (1) using the land use zoning of the lands and any State environmental laws or DEP rules and regulations that may affect the value of the lands in effect at the time of the proposed acquisition; and (2) using the land use zoning of the lands and any State environmental laws or DEP rules and regulations that may affect the value of the lands in effect on January 1, 2004. The value established through scenario (2) is the hypothetical land value.

This requirement applies only to those lands for which the owner at the time of proposed acquisition is either the same person who owned the lands on August 10, 2004 or is an immediate family member. (The term "immediate family member" is defined in the Act.) The requirement does not apply if Federal moneys will be used in the acquisition or if the appraisal will value a Pinelands Development Credit.

**The following examples are based on a 50% matching grant project:**

**Example 1**

Hypothetical Land Value: \$100  
Certified Market Value: \$ 80  
Purchase Price: \$ 80  
Green Acres grant is: \$ 40  
(Reason: Grant disbursement is 50% of CMV)

**Example 2**

Hypothetical Land Value: \$100  
Purchase Price: \$100  
Certified Market Value: \$ 80  
Green Acres grant is: \$50  
(Reason: Grant is based on 50% of purchase price because, although it exceeds CMV, it is equal to or below HLV)

**Example 3**

Purchase Price: \$110  
Hypothetical Land Value: \$100  
Certified Market Value: \$ 80  
Green Acres grant is: \$ 50  
(Reason: Grant is based on 50% of HLV. Applicant responsible for overage paid above HLV.)

**Example 4**

Hypothetical Land Value: \$100  
Certified Market Value: \$ 80  
Purchase Price: \$ 40  
Green Acres grant is: \$40  
(Reason: 50% of CMV. Difference between CMV and PP is donation/matching share)

**Example 5**

HLV: \$100  
CMV: \$ 80  
PP: \$ 30  
GA grant will be: \$30  
(Reason: 50% of CMV is eligible, but grant cannot exceed purchase price. Excess donation (\$10) will be a “credit” to be used by the local government unit/nonprofit as part of its matching share of the next parcel in the project to be acquired.)